

spring 2005



spring into action

a message from Cynthia Egan,
Executive Vice President, Fidelity
Investments Tax-Exempt Services Company

In a sense, the theme of this issue of *Connect* reflects what I have been doing since making an exciting move to this part of Fidelity: taking a fresh look at old goals and establishing new goals and priorities for the future. These are the types of positive steps *Connect* will help you take. Please make the most of your opportunities to refresh your financial life this spring, and while you're at it, don't forget all the handy tools that are at your fingertips year round through NetBenefitsSM at www.fidelity.com/atwork. ☞

goal setting: turn dreams into plans

Only a quarter of people surveyed recently say they feel in control of their financial lives.¹ How can they change that? They might start by setting specific financial goals—the first step in effective planning. Here are some quick tips to help you do the same.

■ **Nest egg needs**—Whether you're a first-time or longtime saver, you can use the new interactive 60-Second Retirement ChallengeSM at www.fidelity.com/atwork/challenge to estimate your retirement goal and determine whether you're taking full advantage of the savings vehicles at your disposal. When you take the 60-Second Retirement Challenge, you'll receive a score, an analysis of your results, and a suggested action plan to help you pursue your goal. ☞

■ **Education estimates**—Saving for college may be another major goal, with tuition rising 6% at private schools and 10.5% at public schools in 2004.² The College Planner at www.fidelity.com/atwork can help you estimate college costs, then set a savings goal and develop a plan for reaching it. The planner is located in Planning Calculators under Tools & Calculators. You may also want to use the Financial Aid Calculator at NetBenefitsSM. You'll find it in Tools & Learning under Monitor Your Total Finances. ☞

■ **Short-term savings**—You can estimate the cost of other objectives you want to reach, like saving for a home, an automobile, or a vacation. Make your goals as specific as possible and put them on paper. Then break them into "bite-sized" pieces—smaller goals that you can realistically achieve each month or quarter.

Read more planning tips in "Build a Plan for Life!" You'll find this free article at www.fidelity.com/atwork/connect. ☞

¹Source: *Benefitnews.com*, December 2004.

²Source: *The College Board*, October 2004.

adjusting to life's twists and turns

When life changes—whether it's the beginning of a career or the birth of a child—it's easy to lose track of your finances and goals. Here are a few financial turning points you may want to keep track of.

first job:

- enroll in a workplace retirement plan or another retirement savings vehicle, even if you only save a little at a time
- start building a cash reserve for emergencies
- begin repaying college debt

marriage:

- purchase life insurance
- write a will (Visit the Estate Planning Action Center at www.fidelity.com/atwork under Planning Calculators within Tools & Calculators.) ☞
- change beneficiary designation on financial accounts
- determine a joint retirement savings goal and investment strategy
- create a household budget

new baby:

- add to emergency cash reserve
- consider increasing life insurance coverage
- start a college savings fund

new job:

- decide what to do with money in existing workplace retirement plans. (The Job Transition Guide available at www.fidelity.com/atwork can help you evaluate your options. It's located under the Guides/Brochures Quick Links.) ☞
- enroll in new employer's retirement plan
- review retirement savings rate and investment mix in light of new salary

¹The estate planning information is general in nature and should not be considered legal or tax advice. Laws of your particular state or your particular situation may affect this information. Consult with your attorney or tax professional regarding your specific legal and tax situation.

connect with us

What goals and planning tips would you like to read about? To tell us, visit www.fidelity.com/atwork/connect.



RETIREMENT RESOURCES

freshen up your financial life

Ever wished you had more time to keep tabs on your money? Organizing your financial records is one way to free up time. As you put away your 2004 tax information and create a place for collecting what you'll need next tax season, why not see if there are other parts of your financial house that you could tidy up? Tools like Statement on Demand and Your Portfolio at NetBenefitsSM can help. ☞

■ **Statement on Demand** helps you cut down on paper clutter, allowing you to receive your statements online instead of by regular mail. You can sign up at NetBenefitsSM by clicking Mail Preferences under the Your Profile tab, then updating your savings statement delivery method to "online."

■ **Your Portfolio** lets you bring together in one place not only your workplace retirement account, but also other accounts you may have at Fidelity, such as an IRA or brokerage account.¹ Having your accounts together could make it easier to manage them and make sure you have an appropriate mix of investments.

¹Retail and brokerage services provided by Fidelity Brokerage Services LLC Member NYSE/SIPC.

build **confidence** with a farsighted investment mix

People who invested in stocks during their working years often think they should shift to lower risk options, such as bonds and short-term investments, when they retire. They reason that investing more conservatively will protect their retirement nest egg against losses at a time when they're going to need to begin using it. But there can be risk in investing too conservatively. Lower risk investments may also involve lower returns that potentially won't keep up with inflation over the course of a retirement that could last 20 years or more.

To avoid outliving their assets, retirees may need to maintain a portfolio that balances income with the long-term growth potential of stocks. Balance is achieved through asset allocation—the percentage of money you “allocate” to stocks, bonds, and short-term investments. Whether your retirement is many years away or close at hand, Portfolio Planner: Portfolio Review at NetBenefitsSM takes you through a quick four-step process to determine the target asset mix appropriate for you. To use Portfolio Planner: Portfolio Review, go to Tools & Learning, then Investing for the Future. 🖱️

Fidelity Freedom Funds[®] help to simplify investing for retirement, potentially allowing you to choose one investment option for a lifetime. For more information, visit www.fidelity.com/atwork/freedom. 🖱️

Keep in mind that it's your responsibility to select and monitor your investments to make sure they continue to reflect your financial situation, risk tolerance, and time horizon. Most investment professionals suggest that you reexamine your investment strategy at least annually or when your situation changes. In addition, you may want to consult an investment adviser regarding your specific situation.

Before investing in any investment option, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call Fidelity at 1-800-343-0860 or visit www.fidelity.com for a free mutual fund or variable annuity prospectus or a fixed annuity fact sheet. Read it carefully before you invest.

Keep in mind that asset allocation does not ensure a profit or guarantee against loss.

For more help with retirement income planning, you may want to use the Retirement Income Planner at NetBenefitsSM. 🖱️ You can also call 1-866-630-8635 and speak with a Fidelity Retirement Services Specialist.

The Retirement Income Planner tool is a service of the following Fidelity entities:

- Strategic Advisers, Inc., a registered investment adviser.
- Fidelity Brokerages Services, Member NYSE, SIPC and a broker-dealer offering retail brokerage products and services and the FundsNetwork program; 100 Summer Street, Boston, MA 02110.
- Fidelity Investments Institutional Services Company, Inc., a broker-dealer offering institutional products and services; 82 Devonshire Street, Boston, MA 02109.



INSIGHTS

do **women** need different goals?

Cindy Hounsell, executive director of the Women's Institute for a Secure Retirement, explains why women often face a tougher challenge than men in preparing for retirement.

“Pay differences between men and women have been narrowing over the years, but women still average only 76 cents for every dollar a man is paid, mainly because 50% of women work in traditionally female, low-paying jobs. In addition, women are more likely than men to stop paid work or to work only part time in order to care for family members. This reduces their opportunity to save through a workplace retirement plan, as well as lowers their Social Security benefit after they retire. Longer life expectancy adds to the problem. The average 65-year-old woman can expect to live three more years than a man.

“To avoid financial difficulties later in life, women need to estimate how much income they will need when they retire and where the money will come from and then save as much as possible during their working years. They should also resist a tendency we often see to put their children's education ahead of their retirement security. Instead, they should keep saving regularly for retirement and try to find other money for college costs.”

LIFE & MONEY



tips for stretching your **vacation** dollars

Reserving transportation and lodging early helps make vacations fun and easier on the wallet, and it may help you avoid debt and save more for your financial goals.

Try these suggestions:

- ▶ Visit www.tripadvisor.com for guides to your destination and “user reviews” of hotels and attractions. 🖱️
- ▶ Shop around, as fares and rates, even at the same hotel, can vary greatly. Popular sites such as www.expedia.com and www.orbitz.com make comparison shopping easier. 🖱️
- ▶ If you're planning a trip to an expensive destination—a week-long stay at the beach, for example—consider sharing a rental home with another family.

Of course, if you're not tied to a specific schedule, last-minute air fares and hotel deals can also save you money.

¹Fidelity is not affiliated with these Web sites, has not been involved in the preparation of the content supplied at these sites, and does not guarantee or assume any responsibility for their content.

Look for these symbols in each issue of **Connect**.

🖱️ **NetBenefitsSM**

🖱️ **Web sites**

🖱️ **Online calculators**

🕒 **The 60-Second Retirement ChallengeSM**

📖 **Books**

ASK US

your **fact-finding,** **problem-solving** resource

Don't let a missing fact or a little problem stand in the way of your goals. Fidelity Retirement Services Specialists at 1-800-343-0860 are on hand Monday through Friday from 8:00 a.m. to midnight (ET) to answer such questions as:

Did retirement plan limits change for 2005? Yes. Under federal rules the maximum contribution that can be made on a pretax basis is \$14,000 for 2005. That's an increase of \$1,000 from last year. The additional catch-up contribution allowed for savers aged 50 and above also went up by \$1,000 to \$4,000 this year. Limits can vary by plan, however, so ask a Retirement Services Specialist about your plan.¹ You can also use the contribution limit calculators at www.fidelity.com/atwork. You'll find them at Planning Calculators under Tools & Calculators. 📊

I can't remember my NetBenefitsSM PIN. What should I do? You can replace the PIN easily online. Just click “Access My Account” on the first page of www.fidelity.com/atwork, then click “Forgot or need to reset your PIN?” and follow the prompts to restore access to NetBenefitsSM. Remember to also use this PIN when you access your account through the automated phone system.

¹Annual additions to the plan (your contributions and company contributions combined) cannot exceed 100% of your pay, or \$42,000 (whichever is less).

The information provided in this newsletter is general in nature and should not be considered legal, tax, or investment advice. Consult with an attorney or a tax or investment professional to discuss your specific situation.

The trademarks and service marks appearing herein are the property of their respective owners.

Connect with your financial futureTM

© 2005 FMR Corp. All rights reserved.

Fidelity Investments Institutional Services Company, Inc.

82 Devonshire Street, Boston MA 02109

395443

1.812102.100